

## The Profit of Reform

THERE IS THIS to be said in behalf of avowed and doctrinaire socialists, that their faith in the State is sublime. To them, the institution of political power is the unerring shepherd of the flock, the guide to the Good Society; it is also the antidote for all evil, the maker of abundance, the embodiment of justice, the sublimation of human aspirations. That they believe. To be sure, they affect an elaborate rationalism, something they call dialectical materialism, which in turn rests on a verbal agglomeration known as Marxian economics. Logic and fact without end have been applied to these notions to prove that they are only notions. But all this cerebration has turned out to be sheer waste of effort as far as influencing the true worshipers is concerned. They still believe. One cannot help but marvel at, and admire, their devotional integrity.

The religion of socialism will come into its own, its devotees maintain, only when the devil worship of capitalism is done in. Until that happy day the State will suffer from imperfections, but these imperfections are not inherent in the State; they are merely malignant capitalistic growths that will easily succumb to socialistic surgery. The true glory of the State will become evident when the anointed priesthood are enthroned in its temples (by force, if necessary), who will

then proceed to give daily demonstrations of its miraculous omniscience, to say nothing of its omnipotence. Meanwhile, it is the duty of the faithful to build up the power of the State, to reduce the area of expression for baneful and heretical individualistic thought, so that when resistance to the State becomes fatuous there will be none competent to administer its grandeur properly except the learned bishops of the church.

For that reason we find socialists aligned with nonbelievers in the prosecution of reforms which promise to improve the power of the State. But they are not reformers. Their interest in reform stems from expediency; the reform is simply a tactical maneuver that fits in with their grand strategy.

The reformer is also a dedicated person, but the object of his devotion is not a completely revised political order, only a specific improvement in the going one. His enthusiasm may read panacea possibilities into his proposal, but he is primarily interested in correcting a specific evil, real or imaginary. He asks for a law, with necessary sanctions, that will compel people to change their wicked habits, that will effect social justice, that will abolish scarcities and create abundances, that will even harness wayward nature. Whatever it is that he hopes to achieve, his espousal is characterized by a strong sense of morality and the conviction that political power is the corrective moral instrument.

Whether or not the administration of the law, if the reformer succeeds in having it enacted, does produce the results he believed it would, or makes for evils worse than the one he sought to correct, the net effect is to increase political power, to weaken social power. The residuary legatee of all reforms is the State. So that the reformer turns out to be an

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unwitting ally of the socialists, who really despise him for his lack of spiritual understanding.

The best-advertised reform in all history was that effected by Joseph the Provider. The Bible tells us that the whole thing started with a dream, which is quite characteristic, because all reforms germinate in fantasy. In this case, the evil that Joseph sought to correct was an inadequacy in the ways of nature; or so the story says, although it might be that the hurt visited on the Egyptians by famine was intensified by Pharaoh's taxes; we have reason to believe that taxation, not profligacy, left little with which to tide over the depression. Joseph thought otherwise, and his remedial proposal proved quite pleasing to Pharaoh because it involved the imposition of a new levy. (Here we have the earliest known case of "taxation for social purposes.")

Joseph's reform was so sure-fire, airtight in every respect, that Pharaoh adopted it with alacrity. And, of course, he lifted the reformer right out of his seat in Potiphar's jail to the seat of prime minister. What was the result of the reform? The twenty-percent income tax which Joseph collected during the years of plenty piled up in the public treasury, as intended, but when the hungry workers asked for a return, as promised, they were informed that there was a purchase price on their confiscated property. The price, at first, was all their capital, their stock, and their lands, and when that was gone, being hungry, they sold themselves into slavery to Pharaoh. Thus, Joseph's reform did what all reforms do, it increased political power. Maybe Joseph did not intend it that way—reformers must not be blamed for the contrariness of their reforms; he was, perhaps, deficient in his knowledge of political science, from which he might have learned that

the State never passes up a chance to accumulate power.

Approximately forty centuries later the farmers of America were faced with an economic disability of proportions. In this case the hurt was not caused by nature but by the law of the land. There was a great disparity between their income and their cost of living, caused by the fact that while they were compelled to accept for their product the price set in the competitive world market they were concurrently compelled to pay tariff-laden prices for their manufactured needs. Equity demanded the abolition of tariffs, but this would have weakened the power of the State, which would not do at all. So, some reformer came up with the idea that the farmer's income be augmented with taxes levied on the rest of the population (even as the income of protected manufacturers is improved by tariffs) to the indefinable point where farm income would equal farm outgo. This was called "parity." The politicians took to it not because they either understood the terms of the proposed law or foresaw its effects, but because advocacy of it promised them the preferment to which their lives were dedicated.

The bonanza promised the farmers turned out to be largely promise; since most of the farms of the country are owned on mortgage or are operated on a tenancy arrangement, a considerable portion of the subsidy goes to the mortgagees or real owners; more important, the artificial price which the State sets on crops puts them out of the world market while the domestic market is constricted by the tax-reduced purchasing power of consumers. As with all subsidies, some people do get something for nothing out of "farm relief," the rest of Society pay the bill, and the net profit is an augmentation of State power. For the reform measure, in operation, produced a multitude of unforeseen problems, each of which

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called for a remedial law and more enforcement agents, until at long last the farmer of America finds himself controlled, regulated, and otherwise harassed by the authorities. The dream of reform always portends a profit for Pharaoh.

When we reduce the abstraction "political power" to its operational reality, to the way it actually works, we see how it feeds on reform. Every proposal to improve man's lot by political measures calls for the enactment of a law or an official edict. The law presupposes that some people are not doing what they ought to do or are doing something that ought not to be done. Hence, the purpose of the law is to regulate human behavior. The very premise of the law is that violation or evasion will ensue from its enactment, that it will not be self-enforcing; therefore, the heart of the law is a punishment clause. No law is worth the paper it is printed on without such a clause, and no law has any effect unless it is implemented with a corps of enforcers. Therein lies the secret of the accumulation and perpetuation of political power.

Joseph's reform law was carried out by what the Bible calls "officers"—stout fellows who performed their duties with finality. Where authority is diffused and highly formalized, as in this country, the arbitrament of force is resorted to only when the subtler methods of suasion and bribery have been exhausted, methods that require the services of highly trained "officers," currently known as bureaucrats. The bureaucrats are people, not unlike the people whose direction is entrusted to their care under the law; they too are bent on getting the most out of life with the minimum of exertion, and they too adjust their thinking to the means at hand. They develop an occupational frame of mind, a bureaucratic psy-

chology. It is *sui generis*, or becomes so after a period of inurement. The mind of the bureaucrat can be compared, and without invidious intent, to the criminal mind in that it takes its shape from the peculiarities of the trade. Like the criminal, the bureaucrat is removed from the disciplines of the market place, gaining his living not by production but by predation. There the similarity ends, because the trade of the bureaucrat is legalized and does not suffer from social disapproval; in fact, because the bureaucrat is presumed to be a "civil servant," his trade acquires an aura that neither the thief nor the producer can hope for.

The bureaucrat likes his job. The emoluments may or may not be as great as what the market place would pay for such real services as he may be able to render to Society, but the kudos which is heaped on those who exercise or represent or have access to power is of importance; his ego pay is not to be despised. But his job depends on law, not on production, and therefore his primary concern is in law, its enactment, its perpetuation, its enlargement. The more law the better; which is another way of saying that his mind is keenly attuned to the possibilities of reform. The proliferation of reforms means the proliferation of bureaucratic jobs, with a corresponding abundance in honorifics and opportunities for the ambitious. Thus, a vested interest in reform appears, developing both a class-conscious distinctness and the skills necessary to its perpetuation and advancement. The bureaucracy is an aristocracy of office; it is vital to this aristocracy that offices once established be perpetuated, even though the occasion that brought them into being is long past, and that those which cannot be kept alive be replaced by others. The

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vested interest sees to it that the power of the State does not diminish.

Strictly speaking, laws are made by monarchs and legislators. It was Pharaoh who proclaimed the law, not Joseph. But it was on the advice of Joseph that Pharaoh acted. In our "democratic" era, when parliaments make laws, it is the bureaucrat who phrases them, who prepares the supporting arguments (which legislators mouth), who estimates (or underestimates) the costs of operation, who sets up the machinery (jobs) to implement the laws. And when a law in operation does not effect the solution of the problem it was supposed to solve, but produces problems of its own, it is the bureaucracy that comes up with correctives. Ideologically, the bureaucracy is always "leftist" (if by that term is meant the enlargement of State power), not so much by persuasion but because of personal interest and the psychology of the trade. A bureaucrat is a socialist, or communist, because his business requires him to think like a socialist or a communist.

Once a law enters the statute books it is beyond the purview of those who made it, the legislators or the king, and becomes the special, private province of those who operate it. The more numerous and prolix the laws, the more important and the more self-sufficient are the operating specialists. No part-time legislator (whose principal concern is in getting elected) or king (preoccupied with enjoyment) can possibly make his way through the labyrinth of law without a guide. Thus the real governing body of the country is its practicing bureaucracy, whose prospects brighten with each reform that becomes law.

The interventionary powers of the State are in direct proportion to its revenues; it must have the wherewithal with

which to do things. But the visual evidence and actuality of its powers is the bureaucracy, so that its size is a sure measure of the magnitude of these powers. To put it another way, every interventionary measure calls for an enforcing agency, since it cannot enforce itself, and the operatives of this agency must be paid—not to mention the cost of necessary appurtenances, such as offices and equipment and buildings. To what purpose would the State put its revenues if it did not have a bureaucracy to maintain? Which, in a way, is a redundancy, for the bureaucracy is the State. The expenses of the State are the expenses of the bureaucracy, just as the powers of the State are realized in the functions of the bureaucracy. It is the size and importance of this aristocracy of office that actualizes the State. Therefore, when this aristocracy puts in claims on the tax fund, it is simply taking care of its business, and when it takes up with some reform measure that will entail more expenditures, it is acting in character.

A history of reform in America would have to devote most of its pages to the last hundred years, and, if it were realistic rather than ideological in its appraisal of results, it would concentrate on the growth of bureaucracy in the last fifty. In the beginning, say from the period of colonization to the Civil War, the overpowering concern of the American people was production and accumulation; there was little interest in the possibility of improving Society by political means. The Revolution can hardly be classed as a reform, since it was spurred by an urgency to curtail political power, not to enlarge it; the expectation of the revolutionists was freedom, not favors, from the State, so that they could the better get on with their digging, manufacturing, shipping, marketing,



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and the pursuit of happiness. The idea of using political means to improve one's circumstances could hardly have occurred to the revolutionists because there was too little produced for political power to confiscate. Taxes were low and collection was difficult. Some British citizens and agents enjoyed what few privileges the Crown did hand out, but the privileges had little cash value and therefore aroused little envy. Reform, such as it was, was confined to moral and religious practices, but even there the authorities carried little weight because one could escape their interventions by moving into the wilderness.

After the Revolution, the new political establishment began sowing its wild oats, economically speaking. Since the Constitution, and the spirit of the people, held the power of taxation in leash, the establishment had little with which to expand its prerogatives; it was too poor to attract reform. The best it could do was to give away the vast uncharted area over which it had paper control to its favorites, including members of the State, for gambling purposes. Some people made a pretty penny out of this original giveaway, but since there was still plenty of land to be had for occupancy, use, and even gambling, the wealth thus acquired aroused little cupidity and therefore no reform movement; when loot is plentiful and liberally distributed, moralizing is out of place.

About the only reform that showed its head in the early years of the Republic was an urgency for cheap money. It started, in Massachusetts, even before the Constitution was ratified, and its proponents were, of course, the large debtor class who hoped to pay off their mortgages with printing press money. The history of money reform, from Shays' Rebellion, through Jackson's fight on the United States Bank, down to the era of wildcat banks and the Greenbackers, cul-

minated finally in the repudiation of the gold standard by Franklin D. Roosevelt and the establishment of inflation as a national policy. It began as an attempt to get rid of private debts and ended up as a devious taxing scheme; that is, the reform redounded to the benefit of the State. And now that the State has taken inflation under its wing, the bureaucracy that "controls" it is a very busy institution, employing thousands of operatives, including learned professors of economics. Whether the debtors ever got a penny out of their cherished reform is questionable.

Another reform that loomed large in the early days was the agitation over protective tariffs, pro and con. Nothing came of it except the Civil War and higher tariffs—and a considerable army and navy of collectors and snoopers and tariff "experts"; that is, a bureaucracy. The fact that protected industries have had a record of bankruptcy equal to that of unprotected industries indicates that the advocates of higher tariffs did not profit much by their reform. The State did.

It was not until some years after the Civil War, when three centuries of productive effort bore fruit in a general increase of wealth and leisure, that reform became a major interest in this country. During the last quarter of the nineteenth century there was a hatful of reforms from which the citizen could take his pick, and every one of them began with the premise that political power could improve the lot of man economically, socially, morally, and even culturally. There was prohibition, woman suffrage, direct election of senators, free coinage of silver, subsidies to farmers, extension of the educational system, antitrust measures, control of railroads, and what not. In the main, the redistribution of wealth stirred up the most violent enthusiasm, and most of the reforms advocated had all the earmarks of envy. The have-nots

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were at the haves. The reformers made no distinction between fortunes that were amassed by productive effort and fortunes that had their origin in the politically established special privileges; in fact, the reforms did not aim at the abolition of special privileges but at the establishment of more special privileges for more groups. Political power could make everyone rich.

A promising exercise in political science would be to follow each reform that became law to its ultimate conclusion; even a cursory examination supports the theory that all reforms end up in additions to State power, and that none of them achieves the high purpose expected by its advocates. This is certainly true of the income tax, which should be called the reform of reforms because its attainment made possible a flock of reforms.

An income tax was imposed during the Civil War and was continued for half a dozen years to clean up the costs of that affair. Its abolition was vigorously opposed by those who had gotten a taste of blood, and their overpowering passion for more of it finally culminated in the Sixteenth Amendment. It was admittedly a leveling tax, the presumption being that what was taken from the pockets of the rich would somehow trickle into the pockets of the poor. But the State, as history tells us, is not concerned with the fate of the poor or the rich, its protestations to the contrary notwithstanding, but only with its own advancement. This opportunity to pick pockets could not for long be limited to a few that obviously bulged large. It was soon learned that all these pockets collectively contained less loot than the national pay envelope, and when that fact was ascertained the itching fingers of the State could not be restrained. So that the "soak the rich" tax has become a "soak the poor" tax. Most of the income of the

American State is now derived from the earnings of those least able to bear the burden.

The income tax opened the floodgates of reform. It is interesting to note that while in the nineteenth century most reforms originated in the notions of dissident elements in the population, the reforms that have become law since the introduction of the income tax were instigated by bureaucrats. They had the money with which to indulge their passion for power. Certainly, the reform ideas seemed to spring from colleges, shops, and organizations, but there is evidence that they took form in the imagination of the vested interest, whose propaganda machinery gave enthusiasm for the reform a popular flavor. And so came the New Deal, which is the name given to a host of interventions called "social legislation." Each of these measures called for the establishment of another enforcement agency, more offices, buildings, and jobs. The bureaucracy did well by itself.

The net profit of reform is the accumulation of State power; the net loss is borne by Society. Out of the reforms advocated by the Gracchus brothers came the Caesars and "bread and circuses." Pericles set up a number of make-work projects and ruled for thirty years, subtly but with an iron hand. Bismarck was a reformer. Mazzini was the unwitting forerunner of Mussolini. Lenin was the archreformer of all times, in that his reforms culminated in the largest, the most arbitrary, and the most ruthless bureaucracy the world has ever known.